

~~CONFIDENTIAL~~

COPY NO. 36

FAR EAST/PACIFIC DIVISION
OFFICE OF REPORTS AND ESTIMATES
CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

WEEKLY INTELLIGENCE HIGHLIGHTS

NO. 86

DATE: 7 February 1950

DOCUMENT NO. 21
NO CHANGE IN CLASS. ☐
DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE:
AUTH. HQ TO:
DATE 11-25-25 REVIEWER:

DOCUMENT NO. 21
NO CHANGE IN CLASS. ☐
DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE:
AUTH. HQ TO:
DATE 11-25-77 REVIEWER:

25X1

NOTICE: This document is a working paper, not an official CIA document. It has been coordinated within ORE, but not with the IAC agencies. It represents current thinking by specialists in CIA, and is designed for use by others engaged in similar or overlapping studies. The opinions expressed herein may be revised before final and official publication. It is intended solely for the information of the addressee and not for further dissemination.

SECRET

~~CONFIDENTIAL~~

S E C R E T

OFFICE OF REPORTS AND ESTIMATES, CIA
FAR EAST/PACIFIC DIVISION

INTELLIGENCE HIGHLIGHTS NO. 86
1 FEBRUARY to 7 FEBRUARY 1950

SECTION I. SUMMARY OF FAR EAST TRENDS AND DEVELOPMENTS

Japan's labor union moderates, faced with the danger of losing rank-and-file strength to the Communists, are threatening a general strike unless the Government makes provisions for a raise in Government workers' pay in the 1950-51 Budget (p. 2).

China's famine is developing in such proportions as to threaten a major disaster which will put the Communist rehabilitation program back at least a year (p. 2). Meanwhile, the Communist invasion of Hainan, delayed by unusual weather, probably will be mounted within the next thirty days (p. 3).

Burma's growing resentment over UK and Commonwealth refusal to meet the asking price for rice, which has precipitated an economic crisis, may result in that country listening to Soviet and Chinese Communist overtures (p. 3).

NEWS NOTES

Japanese Communists support Soviet attack on Emperor...Korean labor union membership estimate is reduced...UNCOK finally achieves quorum...Peiping plans "communications net" for Overseas Chinese...French legal moves in Indochina are completed...Burma names charge d'affaires for China...Philippine Government takes anti-Communist steps.

The marginal notations used in succeeding sections of this Weekly ("A", "B", or "C") indicate the importance of the items in D/FE opinion with "A" representing the most important.

~~S E C R E T~~

S E C R E T

-2-

SECTION II. DEVELOPMENTS IN SPECIFIED AREAS

JAPAN

Moderates threaten general strike---Pro-labor Diet members, representing 35 national trade unions (including most unionized Government workers), have threatened a general strike in the event that the 1950-51 Budget, now before the Diet, fails to make any provision for an increase in Government workers' wages. Since Japanese law prohibits strikes by Government workers and general strikes are banned by Occupation edict, the planned action will bring Japanese labor moderates into direct collision with both the YOSHIDA administration and SCAP. Such a change in tactics on the part of the moderates, who have previously restricted their actions to "legitimate" disputes, is apparently deemed necessary in order to prevent the loss of labor's rank-and-file to Communist leadership. That the proposed action, itself, invites repression of the Japanese labor movement by the YOSHIDA conservatives appears to be a lesser risk which the moderates are willing to accept. Since the Budget must be enacted before the end of March, actions in the next six weeks should determine whether the moderates' proposed general strike will be a threat sufficient to force a raise in Government wages.

"B"

CHINA

Famine conditions worsen---China's growing famine, which may prove to be a record catastrophe, has already reached serious proportions in those areas of East and North China that contain half the nation's population. In those areas which suffered the worst crop failures in 1949 -- the parts of Anhwei and Kiangsu north of the Yangtze River, the North China plain and the Central China lakelands -- some 20 million people (perhaps 10% of the population) are already destitute. Millions of refugees are heading toward cities and more prosperous areas, and families are selling all their possessions, including women and children. The famine will increase in severity until the June harvests. Spring sowing will be handicapped by the loss of work animals, the weakened condition of the surviving peasants and the scarcity of seed grain.

"A"

Communist authorities fully realize the extent and gravity of the disaster but lack the resources to provide more than nominal relief. In all famine areas, the Communist political organizers are exhorted to "organize the people for production," and some small effort to provide relief food and seed grain is being made. In North China, non-agricultural "self-help" activities such as wood-gathering, well-digging, fishing and mat-plaiting are being encouraged. In East China, large river control projects have been instituted to provide employment. As might

S E C R E T

-3-

be expected of an old "liberated area", the political workers in North China are better organized than in East China. The movement of refugees is discouraged there, for example, while no such control has been attempted in East China.

As the famine worsens, "self-help" measures are expected to prove increasingly inadequate, and Communist administration in rural areas, especially in East China, will weaken as a result, while peasant unrest grows. Although it is unlikely that the Chinese Communists' political control will be seriously endangered, the debilitating effect of the famine on China's economy will delay the Communist "reconstruction" at least a year.

Hainan invasion timetable--The first major Chinese Communist offshore amphibious operation, aimed at driving the Nationalists from the south coastal island of Hainan, is expected within the next 30 days. The Communists are believed to have already completed preparations for the invasion of Hainan and the launching of the operation apparently has been delayed by a stretch of unseasonably clear weather. [REDACTED]

"B"

Weather expectations for February and March are favorable to the sort of operation which the Communists probably will launch. Fog and haze, as well as favorable winds during these months, would facilitate the movement of a Communist invasion fleet and lend cover against Nationalist air and naval countermeasures.

BURMA

Rice price crisis--Anti-British feeling is still rising in Burma, largely as a result of the failure of Commonwealth-Burma negotiations over the price to be paid for Burmese rice exports. Burmese leaders believe that the UK is making a deliberate effort to force a reduction of rice prices. The UK denies exerting pressure on Burma and charges that the Burmese have not taken the steps necessary to create conditions which would make Commonwealth aid to Burma effective.

"B"

S E C R E T

-4-

Regardless of responsibility, Commonwealth failure to make funds of one sort or another available to the Burmese Government is creating an increasingly critical economic situation which, unless relieved in the near future, may result in a collapse of Burma's rice industry. Inability to sell to the Commonwealth at a satisfactory price has caused the export of rice, Burma's economic mainstay, to decline to a mere trickle. During January, although more than 100,000 tons of rice were available, only 15,000 tons were exported. The lack of funds derived from rice sales has forced the Government to halt its rice purchasing program, with a consequent drop in prices to the rice-growers of as much as 50%. A great deal of rice is now going into the hands of speculators, instead. If allowed to continue, such chaotic conditions will increase the general unrest in Burma and result in decreased rice acreage in 1950.

Apparently as a result of the rice crisis, the Burmese have approached the US informally in quest of a \$25,000,000 loan. In this approach, the Burmese revealed that the USSR has made a number of inquiries both about conditions in Burma and about the prospects for Commonwealth aid to Burma. Although it is unlikely that the USSR is prepared to make a tangible investment in Burma at this time, it is within the realm of possibility that the Burmese, in their present resentful and stubborn frame of mind, will risk economic collapse before accepting UK terms and even welcome Soviet or Chinese Communist overtures.

NEWS NOTES

The Japan Communist Party has supported the Soviet proposal that Emperor HIROHITO be tried for crimes against humanity, thus taking a propaganda line which the Party has scrupulously avoided since January 1946. The USSR's proposal raises to a total of three the number of hot potatoes handed to the Japanese Communists in little over thirty days, the others being the NOZAKA incident and the USSR's stand on possession of the Kuriles. Whatever the USSR's motive for raising "embarrassing" issues, the Japanese Communists will find it virtually impossible to reconcile the Soviet proposal with the realities of the "Emperor question" and will lose additional popularity by supporting it.

The Korean Federation of Labor Unions, recently admitted to the newly-organized International Confederation of Free Trade Unions, has accepted a loss of face in order to avoid a fiscal near-disaster. Claiming a membership of 3 million hardy Korean sons of toil, the Federation found itself presented with a dues assessment from the International at the rate of some \$10 per thousand members. A hasty reexamination of the membership rolls resulted: final membership claim - 800,000.

S E C R E T

SECRET

~~CONFIDENTIAL~~

-5-

The United Nations Commission on Korea (UNCOK), after three quorumless months, was enabled to meet officially on 1 February following the arrival of the Turkish delegate, Gulek. Perhaps in gratitude over his ice-breaking arrival, Gulek was elected permanent chairman at the initial meeting, despite the opposition of the Indian and Chinese delegates.

The Overseas Chinese Affairs Commission of the Chinese Communist regime announced on 28 January a decision to set up a "communications network" to establish close contacts with Overseas Chinese organizations and to obtain quick information on the conditions of Overseas Chinese in various areas. "Correspondence Sections" are to be established in the Overseas Chinese Affairs Committees of Kwangtung and Fukien Provinces, and special correspondents will be assigned to work with various Overseas Affairs bureaus and service agencies.

French Government action on the agreements with Laos and Cambodia and the more important "8 March Agreement" with Vietnam was completed on 2 February. It is not yet clear whether or not the conventions of 30 December 1949, supplementing the "8 March Agreement" and ostensibly designed to move Vietnam further toward independent statehood, require further French Government action. The final step in ratification of the basic agreements, action by "qualified bodies" of the three governments in Indochina, still remains to be taken. A joint meeting of representatives of the three Indochinese states is scheduled for some time in February to discuss such matters of joint interest as currency, communication, immigration and customs. At this meeting the French Government is expected to define the extent of its participation in the overall control of Indochina's economy.

The Burmese Government has designated its Kunming consular representative as Charge d'Affaires to the "People's Republic of China" and has ordered him to proceed to Peiping. The Burmese Foreign Office does not anticipate any difficulty with the Chinese Communists in this matter, in view of the latter's acceptance of a UK Charge without requiring prior negotiations.

The Philippine Secretary of Interior has ordered another of the Government's periodic offensives against Huk concentrations in central Luzon, following sharp criticism in Congress.

At the same time, a small group of Chinese Communists has been deported to Taiwan and other deportations are expected to follow. In both a radio address and a public interview, the Secretary of National Defense warned that all measures being taken by the Government to combat communism will be unavailing unless the Filipino people themselves cease to be complacent concerning the seriousness of the Communist threat.

~~CONFIDENTIAL~~

SECRET

25X1